

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|-------------------------------------|----------|
| A REVIEW OF THE RATES AND CHARGES) | |
| AND INCENTIVE REGULATION PLAN OF) | CASE NO. |
| SOUTH CENTRAL BELL TELEPHONE) | 90-256 |
| COMPANY) | |

O R D E R

IT IS ORDERED that South Central Bell Telephone Company ("SCB") and GTE South Incorporated and Contel of Kentucky, Inc. d/b/a GTE Kentucky ("GTE") shall file the original and 15 copies of the following information with the Commission, with a copy to all parties of record, by January 21, 1994. In the event that a response to individual items becomes extraordinarily voluminous, an original and two copies of that response shall be filed, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When

applicable, the information requested herein should be provided for total Kentucky operations and Kentucky jurisdictional operations, separately. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason an extension is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

Questions for SCB

1. Will SCB's proposed method of correcting for the GTE reporting errors restore rates on a prospective basis to the levels that would have existed but for the reporting errors? Explain. If not, state why the proposed method is an appropriate one.

2. Identify and explain any other methods of which SCB is aware that would restore all parties to their proper positions.

3. State whether any journal entries have been made relating to the GTE billing error liability. If so, provide the journal entries and the dates upon which each was made.

4. With reference to the force majeure clause of the Incentive Plan:

a. Discuss SCB's understanding of the circumstances under which this clause may be invoked.

b. State whether SCB specifically seeks to invoke this provision as the means to implement a deviation from the normal workings of the plan. If not, identify the provision of the plan under which SCB seeks a deviation from the normal workings of the plan.

c. Will resorting to the force majeure clause require discontinuance of the plan? Explain.

5. Provide a monthly analysis of the GTE reporting error in the following format for the period March 1992 through November 1994 assuming 1) the normal workings of the plan and 2) implementation of SCB's proposal. Provide copies of supporting workpapers.

| Month | Over-Reported Revenues | Over-Reduction | Beneficiaries of Over-Reduction | | |
|-------|---------------------------|----------------|---------------------------------|--------|-------|
| | | | Toll | Access | Other |

6. a. Is it appropriate to give extraordinary consideration to the GTE reporting error without reviewing operations to determine if other unusual items merit special consideration? Explain.

b. Explain the criteria SCB believes should be applied to ascertain whether special treatment of an item is warranted.

7. On December 15, 1993 SCB filed comments relating to a \$90,000 Private Line Service error.

a. How does SCB intend to resolve this liability?

b. Does SCB propose to correct any over-reductions that occurred as a result of this billing error?

8. Identify any amounts in SCB's December 15, 1993 filing that are subject to change and explain why they are subject to change.

9. Provide a narrative fully explaining Exhibit I to SCB's filing of November 22, 1993.

10. Provide a narrative fully explaining Exhibits I and II to SCB's filing of December 15, 1993.

11. With reference to Exhibit II of the December 15, 1993 filing labeled "Scenario: Pessimistic View," provide all other scenario views of Exhibit II SCB has prepared. Describe all differences in assumptions among the alternate views.

Questions for GTE

12. With reference to customer refunds that have or will be made associated with the reporting errors, provide the following information:

- a. A schedule showing refunds made to date.
- b. A schedule showing expected future refunds.

13. Identify any amounts in GTE's December 15, 1993 filing that are subject to change and explain why they are subject to change.

14. Provide all journal entries made by GTE associated with the reporting errors and refunds and the dates upon which each was made.

Done at Frankfort, Kentucky, this 7th day of January, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director